



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Authorizing the issuance of Special Obligation Refunding Bond (Kingsview Village Center Development District) Series 2014A	Executive Order No. 157-14	Subject Suffix
Originating Department Department of Finance	Department Number B335-14	Effective Date August 26, 2014

ORDER PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF A SPECIAL OBLIGATION BOND OF MONTGOMERY COUNTY, MARYLAND IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,430,000; PRESCRIBING THE FORM AND TENOR OF SUCH BOND, AND THE MANNER, TERMS AND CONDITIONS OF SALE AND ISSUANCE THEREOF; PRESCRIBING THE TERMS OF SUCH BOND AND ALL OTHER DETAILS INCIDENT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS IN CONNECTION WITH THE ISSUANCE THEREOF; PROVIDING FOR THE PAYMENT WHEN DUE, OF THE PRINCIPAL AND INTEREST ON THE BOND; AND TO PROVIDE GENERALLY FOR THE SALE, ISSUANCE, AND DELIVERY OF SUCH BOND.

RECITALS

A. The County has determined pursuant to (i) Chapter 20A and Chapter 14 of the Montgomery County Code, as amended (the "Acts"); (ii) Resolution No. 13-1377 passed by the County Council of the County (the "County Council") on July 28, 1998 (the "Formation Resolution"); (iii) Resolution No. 13-1476 passed by the County Council on October 27, 1998 (the "Bond Resolution"); (iv) Resolution No. 17-1161 adopted by the County Council on July 15, 2014 (the "Refunding Resolution" together with the Acts, Formation Resolution, and the Bond Resolution, the "Authorizing Legislation"); and (v) the Indenture of Trust dated as of December 1, 1999 by and between the County and U.S. Bank National Association, successor trustee to First Union National Bank (the "Trustee"), as amended by a First Supplemental Indenture dated as of August 1, 2014 between the County and the Trustee (the "First Supplemental Indenture", and as so amended and supplemented, the "Indenture") issue and sell up to \$1,430,000 aggregate principal amount of its Special Obligation Refunding Bond (Kingsview Village Center Development District), Series 2014A, or such other principal amount as shall be approved pursuant to a supplemental order; and

B. The Refunding Resolution provides that an executive order shall prescribe and determine various matters in connection with the issuance, sale and delivery of the Series 2014 Bond, as defined below.

NOW, THEREFORE, BE IT ORDERED by the Chief Administrative Officer of Montgomery County, Maryland, that:

Section 1. The defined terms used herein shall have the same meaning given to them in the Recitals.

Section 2. Pursuant to the authority of the Authorizing Legislation and the Indenture, there is hereby authorized and directed the execution, issuance, sale and delivery of a bond designated "Montgomery County, Maryland, Special Obligation Refunding Bond (Kingsview Village Center Development District), Series 2014A



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(the "Series 2014A Bond") in the principal amount not to exceed \$1,430,000 to Manufacturers and Traders Trust Company (the "Bank") in accordance with the terms and conditions set forth in the term sheet from the Bank attached hereto as Exhibit A.

Section 3. The Series 2014A Bond shall be issued to the Bank under and secured by the Indenture, including, without limitation, the First Supplemental Indenture, which shall be substantially in the form attached hereto as Exhibit B attached hereto, with such amendments, omissions, insertions, or variations deemed necessary or appropriate by the Director of Finance of the County.

Section 4. The Series 2014A Bond shall be dated such date, shall bear interest, shall mature, shall have such redemption provisions and shall have such other terms and provisions as are set forth in the First Supplemental Indenture.

Section 5. The form of Series 2014A Bond attached as Appendix A to the First Supplemental Indenture is hereby approved.

Section 6. The proceeds of the Series 2014A Bond will be used to (i) refund all of the County's outstanding Special Obligation Bonds (Kingsview Village Center Development District), Series 1999 (the "Refunded Bonds") and (ii) pay a portion of the costs of issuing the Series 2014A Bond.

Section 7. As provided by the Authorizing Legislation, the First Supplemental Indenture and the Series 2014A Bond shall be executed by the County Executive, the Chief Administrative Officer of the County or the Director of Finance, in each case with such changes, insertions, omissions and variations as are required to conform with the terms of this Executive Order or as may be deemed necessary or appropriate by the officer executing the same, consistent with the Authorizing Legislation, the Indenture and this Executive Order. The execution and delivery of the First Supplemental Indenture and the Series 2014A Bond by the County Executive or the Chief Administrative Officer or the Director of Finance shall be conclusive evidence of the approval of any such changes, insertions, omissions and variations by the County.

Section 8. The Director of Finance, and such other officers, employees, and agents of the County are each hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Series 2014A Bond, use of the proceeds of the Refunded Bonds, use of the facilities financed by the Refunded Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with this Executive Order.



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Section 12. This Executive Order shall take effect immediately.

[Signature appears on the next page.]



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Department Department of Finance	Department No. B335-14	Effective Date August 26, 2014

Dated this 26th day of August, 2014.

Timothy L. Firestine
Timothy L. Firestine
Chief Administrative Officer
Montgomery County, Maryland

Exhibit A – Term Sheet
Exhibit B – First Supplemental Indenture

[Signature page to Executive Order No. B-335-14]



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EXHIBIT A

TERM SHEET

[See Attached]



MONTGOMERY COUNTY EXECUTIVE ORDER

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EXHIBIT B

FIRST SUPPLEMENTAL INDENTURE

[See Attached]



July 16, 2014

Mary Casciotti, Montgomery County, MD
c/o Linda Ginty
Public Financial Management, Inc.
Two Logan Square
18th & Arch Streets, Suite 1600
Philadelphia, PA 19103

Dear Ms. Ginty,

Manufacturers and Traders Trust Company (the "**Bank**") is pleased to offer our intent to bid on the tax exempt bank loan for its Kingsview Special Obligation Refunding Bonds, Series 2014A (the Kingsview Bonds) that will be used for the refinancing of the County's Special Obligation Bonds (Kingsview) (the Series 1999 Bonds). The outstanding principal amount of the Series 1999 Bonds (the "**Note**") in the amount of \$1,430,000 issued by Montgomery County, MD (the "**Borrower**"), to the following outline of terms and conditions:

1) **Borrower**

Montgomery County, MD
101 Monroe Street, 15th Floor.
Rockville, MD 20850

2) **Amount and Form of the Note:**

\$1,430,000 Non-Bank Qualified Tax Exempt Term Note done under a
Supplemental Indenture to the existing Indenture for the Kingsview 1999 Series Bonds

3) **Term of the Note:**

7 Years
Payable in Full at maturity

4) **Maturity Date:**

July 1, 2021

5) Purpose of the Note:

The Note proceeds will pay for the direct purchase of the Kingsview Bonds, outstanding principal amount of the Series 1999 Bonds of \$1.43MM.

6) Structure:

The Note shall be in the form of a Bank Loan, fixed interest rate. Principal and Interest payments paid semi- annually.

Debt Service Coverage will be maintained at a minimum of 110%

7) Rate of Interest per Annum:

The Note shall (subject to the following terms) bear a Tax Exempt fixed rate of interest of 3.00% on the outstanding principal balances.

8) Repayment Terms:

Principal and Interest payments on the Kingsview Bonds will begin on January 1, 2015, and continue on each January 1 and July 1 thereafter (semi-annually) through July 1, 2021, final maturity.

9) Prepayment Privileges

Borrower will have the option to prepay any portion of the outstanding principal of the note outstanding at any time without fee or penalty.

10) Security:

The Bonds are secured by Special Taxes and Special Assessments

The Note will NOT be a General Obligation of the County. The Series 1999 Bonds are a special obligation of the County, the principal of, premium, if any, and interest on which are payable solely from the special taxes and special assessments and certain other assets and revenues of the district pledged by the County under the indenture, including amounts deposited in certain funds and accounts held by the County and the Trustee under the indenture.

The primary source of payment for the 1999 Bonds is the Special Taxes & Special Assessments levied on real property located in the KVCDD.

11) Reporting Covenants:

The Borrower will be required to submit to the Bank its audited financial reports within 275 days from the close of the Borrower's fiscal year.

12) Opinion of Counsel:

An opinion of legal counsel shall be delivered in a form satisfactory to the Bank evidencing the fact that this borrowing has been duly authorized by the Borrower.

13) Fees and Expenses:

If the Borrower's bond counsel prepares the documents and provides a reliance letter that runs to the Bank, there will be no legal cost. All fees will be waived with the exception of normal and reasonable legal documentation review costs, not to exceed \$1,000. The Borrower agrees to indemnify and hold harmless the Bank, to the extent permitted by law, against any and all claims, which may be incurred in connection with this borrowing.

14) Preparation of Documents:

The Bank shall be listed as "Manufacturers and Traders Trust Company" in all documentation. The Borrower's legal counsel will prepare all necessary loan documentation with the approval of the bank, In addition to any other documents that may be required.

A) Supplemental Indenture

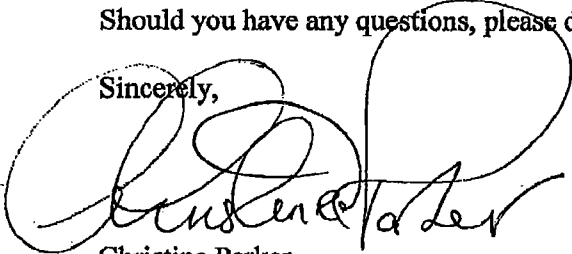
15) Acceptance:

To move forward, this Proposal must be signed and delivered to the Bank no later than the close of business on July 24, 2014. The Bank will work expeditiously with the Borrower to obtain approval for this loan request. Approval is subject to a review of the past 3 years financial statements for Montgomery County and the 2014 budget. This proposal is not to be considered a commitment for funding. If the borrower does not accept this Proposal by the close of business on July 24, 2014 this proposal will expire unless extended in writing by the Bank.

This offer is contingent upon the final credit approval of the bank and the successful delivery of documents satisfactory to the bank. We are proud to partner with Montgomery County and look forward to expanding our relationship.

Should you have any questions, please do not hesitate to contact me at (703) 748 5545.

Sincerely,



Christine Parker
Government Banking Division
Vice President

Accepted:


Signature of Authorized Officer

Director of Finance
Title of Signer

7/17/14
Date

FIRST SUPPLEMENTAL INDENTURE

By and between

MONTGOMERY COUNTY, MARYLAND

and

**U.S. BANK NATIONAL ASSOCIATION
as Trustee**

Dated as of August 1, 2014

Relating to:

**Montgomery County, Maryland
Special Obligation Refunding Bond
(Kingsview Village Center Development District)
Series 2014A**

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of August 1, 2014 and effective from the time of execution and delivery hereof among the parties (this "First Supplemental Indenture"), is by and between **MONTGOMERY COUNTY, MARYLAND** (the "County"), a body corporate and politic and a political subdivision of the State of Maryland, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee (the "Trustee").

RECITALS

WHEREAS, pursuant to Chapter 20A of the Montgomery County Code, as amended, Resolution No. 13-1377 passed by the County Council of the County (the "County Council") on July 28, 1998, Resolution No. 13-1476 passed by the County Council on October 27, 1998, and an Indenture of Trust dated as of December 1, 1999 (the "Original Indenture"), by and between the County and the Trustee, the County issued its \$2,410,000 aggregate principal amount of Montgomery County, Maryland Special Obligation Bonds (Kingsview Village Center Development District), Series 1999 (the "Series 1999 Bonds");

WHEREAS, Section 2.15(a)(i) of the Original Indenture provides that, so long as no Event of Default has occurred and is continuing, the County may issue from time to time Additional Bonds under and secured by the Original Indenture on parity with the Outstanding Bonds for the purpose of refunding or advance refunding any of such Outstanding Bonds; and

WHEREAS, the County wishes to enter into this First Supplemental Indenture in order to authorize the issuance of \$1,430,000 aggregate principal amount of Montgomery County, Maryland Special Obligation Refunding Bonds (Kingsview Village Center Development District), Series 2014A (the "Series 2014A Bond") for the purposes of refunding all of the outstanding Series 1999 Bonds; and

WHEREAS, the Series 2014A Bond are special obligations of the County, the principal of, premium, if any and interest on which is payable solely from special taxes and special assessments levied and imposed in the District (as defined in the Original Indenture) and certain other assets and revenues of the District pledged by the County under the Indenture, including certain funds held by the County and the Trustee thereunder. The Series 2014A Bond does not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power. Except for the Special Revenues, no other taxes or assessments are pledged to the payment of the Series 2014A Bond.

NOW, THEREFORE, in consideration of the Recitals (which are a substantive part of this First Supplemental Indenture), the covenants of the parties, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree, promise and covenant as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions; Rules of Construction.

(a) Terms used in this First Supplemental Indenture and not defined herein shall have the respective meanings given such terms in the Original Indenture. In addition to the terms defined elsewhere herein, the following terms shall have the meanings set forth below for all purposes of the Indenture:

"Indenture" means the Original Indenture together with all supplements thereto, including the First Supplemental Indenture.

"Interest Payment Dates" means January 1 and July 1 of each year, commencing January 1, 2015.

"Maturity Date" means July 1, 2021.

"Original Indenture" means the Indenture of Trust dated as of December 1, 1999 between the County and the Trustee.

"Refunding Resolution" means Resolution No. 17-1161 adopted by the County Council of the County on July 15, 2014.

"Refunded Bonds" means the Series 1999 Bonds.

"Series 1999 Bonds" means the Montgomery County, Maryland Special Obligation Bonds (Kingsview Village Center Development District), Series 1999.

"2014A Bond Account" means the fund established under Section 4.01 hereof.

(b) Any reference to a particular Article, Section or Exhibit shall be to such Article, Section or Exhibit of or to this First Supplemental Indenture and Agreement unless the context shall otherwise require. In all other respects, the rules set forth in Section 1.02 of the Original Indenture shall apply to the construction of this First Supplemental Indenture.

ARTICLE II

AUTHORIZATION AND DETAILS OF SERIES 2014A BOND

Section 2.01. Authorization of Series 2014A Bond.

The Series 2014A Bond in the principal amount of One Million Four Hundred Thirty Thousand Dollars (\$1,430,000) are hereby authorized to be issued by the County for the District under and subject to the terms of the Resolutions, the Refunding Resolution, the Indenture, the Acts, and other applicable laws of the State. The Series 2014A Bond shall be designated as the

"Montgomery County, Maryland Special Obligation Refunding Bond (Kingsview Village Center Development District), Series 2014A. The Series 2014A Bond shall be issued as an Additional Bond under Section 2.15 of the Original Indenture for the purposes of refunding the Refunded Bonds.

Section 2.02. Terms of Series 2014A Bond.

(a) *Maturity; Interest.* The Series 2014A Bond issued as a single fully registered bond without coupons in the principal amount of \$1,430,000 substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this First Supplemental Indenture and shall mature on the Maturity Date. The Series 2014A Bond shall bear interest at the rate of 3.00% per annum (calculated on the basis of a year consisting of 360 days divided into twelve 30-day months).

(b) *Principal and Interest.* Principal and Interest shall be payable semi-annually on each Payment Date commencing on January 1, 2015 as set forth on the payment schedule attached hereto as Exhibit B.

(c) *Payment of the Series 2014A Bond.* (i) The principal or redemption price of any Series 2014A Bond and interest on the Series 2014A Bond are payable in legal tender for the payment of public and private debts and will be paid to the registered Holders by check mailed to the registered Bondholders as their names and addresses appear in the registration books maintained by the Trustee as of the Record Date preceding the Payment Date, such payments may be made by wire transfer in accordance with written instructions filed by such Bondholder with the Trustee, which instructions shall continue in effect until revoked in writing, or until such Series 2014A Bond are transferred to a new Bondholder.

(ii) If the payment of interest on or principal of the Series 2014A Bond or the date fixed for redemption of any Series 2014A Bond shall be due on a day other than a Business Day, then such payment of interest on or principal of or the redemption price of the Series 2014A Bond shall be made on the next succeeding Business Day with the same force and effect as if made on the originally scheduled date, and no interest shall accrue for the period after such date.

Section 2.03. Special Obligations; Pledge of Special Revenues

(a) All obligations of the County under the Series 2014A Bond shall be special obligations of the County, payable solely from the Special Revenues and certain other assets and revenues of the District pledged by the County under the Indenture, including funds deposited in certain funds and accounts held by the County and the Trustee thereunder. The Series 2014A Bond does not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power. The Series 2014A Bond is not an indebtedness of the County within the meaning of the Montgomery County Charter. Except for the Special Revenues, no other taxes or assessments are pledged to the payment of the Series 2014A Bond.

(b) The Series 2014A Bond shall be on a parity with and shall be entitled to the same benefit and security of the Indenture, including (without limitation) the pledge of the Special Revenues made by the Indenture, as the Series 2014A Bond and any other series of Additional

Bonds that may be issued from time to time as provided in the Indenture. The Series 2014A Bond are secured by a first pledge of all of the Special Revenues and the moneys deposited in the 2014A Bond Account, and such other funds provided in the Indenture until disbursed as provided in the Indenture.

Section 2.04. Transfer of Series 2014A Bond.

The Series 2014A Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney upon presentation and surrender of such Series 2014A Bond at the principal office of the Trustee, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Trustee; provided that no Series 2014A Bond will be registered in the name of or delivered to a transferee which is not an Accredited Investor within the meaning of Section 2(15) of the Securities Act of 1933, as amended, and Regulation D thereunder. Prior to registering any transfer of a Series 2014A Bond, the Trustee shall receive, and shall be entitled to conclusively rely upon, a certification of the proposed transferee as to its status as an Accredited Investor within the meaning of Section 2(15) of the Securities Act of 1933, as amended, and Regulation D thereunder, which certification shall be substantially in the form of the investment letter attached hereto as Exhibit C. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such transfer shall be paid by the County as an Administrative Expense. The Trustee shall collect from the Bondholder requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.05. Conditions precedent to the delivery of the Series 2014A Bond.

Upon the execution and delivery of this First Supplemental Indenture, the County shall issue the Series 2014A Bond in the aggregate principal amount set forth in Section 2.01 of this First Supplemental Indenture. Prior to the delivery by the Trustee of the Series 2014A Bond, there shall be filed with or delivered to the Trustee:

- (a) A counterpart of this First Supplemental Indenture;
- (b) A certified copy of the resolution of the County council of the County authorizing the issuance of the Series 2014A Bond;
- (c) A request and authorization from the County to the Trustee (A) to authenticate and deliver the Series 2014A Bond to or upon the order of the purchaser designated therein upon payment to the Trust for the account of the county, of a sum specified therein and (B) deposited the proceeds of the sale of the Series 2014A Bond and other moneys as specified in this First Supplemental Indenture;
- (d) An opinion of Bond Counsel to the effect that (A) this First Supplemental Indenture has been duly executed by the County and constitutes the valid and binding obligation of the County enforceable against the County in accordance with its terms, (B) the Series 2014A Bond have been duly and validly authorized and issued by the County and constitute the valid and binding limited obligations of the County enforceable against the County in accordance with their terms, and (C) the issuance of the Series 2014A Bond will not adversely affect the

excludability from gross income, for federal income tax purposes, of interest paid on any tax-exempt Bonds theretofore issued. The opinion of Bond Counsel may be qualified as to such matters as are acceptable to the County and the Trustee, and include customary exceptions as to bankruptcy, insolvency and other laws affecting creditors' rights generally, and customary exceptions as to principles of equity;

(e) Moneys or securities authorized for the investment of the 2014 Reserve Fund in an amount equal to the reserve requirement for the Series 2014A Bond; and

(f) Such other certificates, documents and opinions as the Trustee may reasonably require.

Any designated officers of the County are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Series 2014A Bond in accordance with the provisions of the Acts, the Resolutions, Refunding Resolution, and the Indenture and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Series 2014A Bond in accordance therewith.

ARTICLE III

REDEMPTION PROVISIONS

Section 3.01. Redemption of Series 2014A Bond.

The Series 2014A Bond is subject to redemption, as a whole or in part at any time prior to the Maturity Date at the option of the County, at a redemption price equal to the principal amount of the Series 2014A Bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium or penalty not less than twenty days' written notice to the Bondholder and the Trustee.

If Series 2014A Bond is to be redeemed pursuant to this Article, the Trustee is hereby authorized and directed to apply moneys received from the County for such purpose to the payment of the principal of the Series 2014A Bond then Outstanding together with accrued interest to the date fixed for redemption.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01. 2014 Bond Account.

(a) *Establishment.* There is hereby established as a separate account to be known as the "Montgomery County, Maryland Special Obligation Refunding Bond (Kingsview Development District) Series 2014A Bond Account" to be held by the Trustee within the Bond Fund established pursuant to Section 4.05 of the Original Indenture.

(b) *Disbursements.* (i) Moneys in the 2014 Bond Account shall be held in trust by the Trustee for the benefit of the holders of the Series 2014A Bond, shall be disbursed for the payment of the principal of, and interest on, the Series 2014A Bond then due and payable as provided in Exhibit B, and, pending such disbursement, shall be subject to a lien in favor of the holders of the Series 2014A Bond in accordance with Section 4.05 of the Original Indenture.

(c) *Investment.* Moneys in the 2014A Bond Account shall be invested and deposited in accordance with Section 6.01 of the Original Indenture. Interest earnings and profits resulting from the investment and deposit of amounts in the 2014A Bond Account shall be retained in such Account to be used for purposes of such 2014A Bond Account.

Section 4.02. Special Fund.

Amounts held in the Special Revenues Account of the Special Fund shall be held in trust for the benefit of the Bondholders of the Series 2014A Bond in accordance with the provisions of Section 4.06 of the Original Indenture.

Section 4.03. Reserve Fund.

The Series 2014A Bond is not secured by any Reserve Fund established under the Indenture.

Section 4.04. Administrative Expenses.

Amounts transferred to the County in accordance with Section 4.07 of the Original Indenture or withdrawn from the Special Fund in accordance with Section 4.06 of the Original Indenture for the payment of Administrative Expenses may be used by the County to pay Administrative Expenses from time to time on the Series 2014A Bond. The County Representative shall maintain records of all Administrative Expenses paid by the County from time to time, including the nature of such Administrative Expenses.

ARTICLE V

COVENANTS

Section 5.01. Debt Service Coverage Ratio.

So long as the Series 2014A Bond is outstanding, the County, after taking into consideration the funds available in the Special Fund and the 2014A Bond Account for the payment of principal and interest in each Fiscal Year, shall levy and assess additional Special Taxes in accordance with the Resolutions, at a rate and amount sufficient in each Fiscal Year to provide for the payment of principal and interest on the Series 2014A Bond equal to the Debt Service Coverage Ratio Requirement. As used herein, "Debt Service Coverage Ratio Requirement" means an amount equal to the product of 1.10 times the total principal and interest payable on the Series 2014A Bond during the applicable Fiscal Year.